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C O N F I D E N T I A L SECTION 01 OF 02 OTTAWA 000274

SIPDIS

FOR SECRETARY POWELL

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SUBJECT: YOUR JANUARY 30 MEETING WITH CANADIAN FOREIGN
MINISTER GRAHAM

REF: (A) 02 STATE 234708 (B) 02 STATE 234719 (C)
OTTAWA 178

Classified By: Deputy Chief of Mission Stephen R. Kelly,
Reasons 1.5 (b) and (d).

SUMMARY

1. (C) Your January 30 meeting with Foreign Minister Bill Graham will be an important opportunity to bolster Canadian support for our Iraq policy. The Canadian Government's natural preference is for giving the inspectors more time and for the UN Security Council to reach consensus, but it wants to stand with the U.S. in the end. Like in other countries, public skepticism is growing here over military action against Iraq. Graham needs to hear the same message that President Bush gave the UNGA on September 12, that this is a test of the UN's ability to impose its will and to respond effectively to a crisis. In addition to Iraq, Graham will want to discuss North Korea, Latin America, missile defense, softwood lumber trade, and entry/exit controls at border.
END SUMMARY.

IRAQ

2. (C) While Canada's position on Iraq has not changed since your November 14 Ottawa meeting with Graham (refs. A and B), divisions among allies on the Security Council and within Canada's Liberal Party have increased pressure on the Chretien Government. The Canadian position remains that it will participate in a UN-blessed operation against Iraq, and that it is reserving judgement on participation if there is no explicit Security Council approval. Canadian military planners have been in Tampa since early January, consulting with CENTCOM planners about a possible Canadian contribution. Publicly, Chretien does not want to admit the possibility that Canada might participate without UN blessing, and he reined in Defense Minister McCallum for doing so after McCallum's January 9 meeting with Defense Secretary Rumsfeld (ref. C).

3. (C) Claude Laverdure, the Prime Minister's Foreign Policy Advisor, told the DCM on January 17 that Canada could indeed support military action in Iraq absent a second UNSC resolution, especially in a case where 11 or 12 Security Council members think there has been a material breach but China or another country vetoes a resolution. Laverdure said there should be an "international consensus," but not necessarily UN action. Chretien and Graham both told the press on January 23 that there is not yet justification for a war on Iraq, and that the inspectors need to keep up the pressure.

NORTH KOREA

4. (C) Graham has been a vocal critic of North Korea since the October announcement on its nuclear weapons program. Canada pushed hard for a G-8 statement during its Presidency, and called for the International Atomic Energy Agency to refer North Korea's actions to the UN Security Council. Canada established diplomatic relations with North Korea in 2001, and North Korean diplomats have been searching for an Embassy location in Ottawa. Canada is continuing humanitarian assistance to North Korea, but otherwise the bilateral relationship is on hold.

LATIN AMERICA

5. (SBU) Graham will brief you on his January 20-21 trip to Brasilia, where he met with Foreign Minister Celso Amorim and other newly appointed members of the Brazilian government. He will also want to discuss the situations in Venezuela, Colombia and Haiti. Canada supports the mediation efforts of OAS Secretary General Gaviria in Venezuela, and has called for an end to political violence in all three countries.

MISSILE DEFENSE

16. (C) Canadian officials from Foreign Affairs and Defense will be taking part in missile defense consultations with U.S. counterparts on January 28. Graham and McCallum plan to brief Cabinet following these consultations, and come to a decision sooner rather than later on Canadian participation. While missile defense remains a controversial issue in Canada because of arms control concerns, the GoC realizes that the train is leaving the station and that other allies are getting on board. Graham may also note that our new binational Planning Group is up and running at NORAD, and that this will help us coordinate our military response to terrorist threats to North America.

SOFTWOOD LUMBER

17. (SBU) Under U.S. trade law, the Department of Commerce can determine that the circumstances leading to a U.S. industry request for countervailing duties have materially changed. Having made that determination through a "changed circumstances" review, Commerce can reduce or eliminate the duties in question without further formal action by the affected U.S. industry. Except for British Columbia, lumber-producing provinces have been agnostic about current efforts to encourage changes in provincial lumber policies through this review process. Commerce has set February 14 as the deadline for publication of the draft policy bulletin that will be the basis on which provinces may apply for changed circumstances reviews. The draft will reflect input from GOC and provincial officials as well as Canadian and U.S. industry organizations, and will be open to further revision during the 30-day comment period ending in mid-March.

18. (SBU) The changed circumstances review has been useful in encouraging all the provinces to look for market-oriented policies that are consistent with their own needs and forestry management objectives. But the review is only a small step forward, even if BC manages to take full advantage of it. At some point we will need to get back to the negotiating table. The U.S. Government has made it clear to U.S. industry that we are not interested in border measures (export taxes or quotas) unless they are temporary and are a transition to an already negotiated end point. You may wish to stress this point with Minister Graham if he raises the issue.

BIOTECH

19. (C) The European Union's refusal even to accept applications for new biotech food products is an outrageous breach of WTO rules, sound science, good governance and common sense. There is good reason for the United States to take the matter to a WTO dispute panel. If we do, USTR Zoellick has a commitment from Canadian Trade Minister Pierre Pettigrew for Canada to join the United States as a co-complainant. Graham is generally supportive of Canada, being a co-complainant, but it would be useful to reiterate to him our strong interest in partnering with Canada on this issue.

BORDER

10. (SBU) Graham may raise the National Security Entry/Exit Registration System (NSEERS), which you discussed in your November meeting. NSEERS requires fingerprinting and registration of certain naturalized Canadian citizens and landed immigrants seeking admission at U.S. ports of entry. U.S. law still requires that nationals (including dual nationals) from an expanding list of "criteria" countries be registered, but the earlier public controversy over registration based solely on country of birth has dwindled. What may now be worrying Graham, as it does Deputy Prime Minister Manley, is implementation - by 2005 - of a new entry-exit tracking system for all visitors to the U.S., which may include Canadians. Ottawa fears that the entry-exit system will create huge delays at border crossings, and continues to seek some sort of exemption or expedited measures for Canadians.

KELLY